

## Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 IO-13 CIAE-00 DODE-00

PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01

PRS-01 SS-15 USIA-15 AID-20 OMB-01 NIC-01 SR-02 ORM-03

EB-11 AGR-20 COME-00 TRSE-00 RSR-01 /189 W

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R 271515Z AUG 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6407

INFO AMEMBASSY COLOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMEMBASSY RANGOON

AMEMBASSY TEHRAN

JCCONSUL BOMBAY 4677

AMCONSUL CALCUTTA

AMCONSUL HONG KONG

AMCONSUL MADRAS

CINCPAC FOR POLAD

AMEMBASSY MOSCOW UNN

USLO PEKING UNN

C O N F I D E N T I A L SECTION 1 OF 2 NEW DELHI 9953/1

E.O. 11652: GDS

TAGS: PFOR, IN, BG

SUBJ: INDIA AND ITS SMALLER NEIGHBORS

BEGIN SUMMARY: THE 1971 INDIA-PAKISTAN WAR HEIGHTENED SUSPICION  
OF INDIA AMONG ITS MORE IMPORTANT SMALLER NEIGHBORS NEPAL AND  
SRI LANKA. IT ALSO ADDED A NEW MEMBER--BANGLADESH--TO THIS  
GROUP. WHILE INDIA IS TRYING TO REASSURE THESE COUNTRIES BY  
BEING CORRECT AND EVEN GENEROUS IN ITS OFFICIAL DEALINGS  
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WITH THEM, IT CANNOT DENY EITHER ITS OVERWHELMING GREATER

STRENGTH OR ITS NATURAL INVOLVEMENT IN THEIR AFFAIRS. IT DOES NOT WANT TO INCORPORATE THEM INTO INDIA, BUT IT FEELS ITS SECURITY INTERESTS REQUIRE THAT THEY SHOULD REMAIN STABLE AND FREE FROM CHINESE CONTROL. IT PREFERS TO USE THE CARROT RATHER THAN THE STICK TO ACHIEVE THIS OBJECTIVE. BUT IT HAS INTERVENED FORCEFULLY IN THE AFFAIRS OF CERTAIN OF ITS NEIGHBORS IN THE PAST AND ALL OF THEM ARE PAINFULLY AWARE OF THIS.

SO LONG AS INDIAN TACTICS ARE NON-INTERVENTIONIST, THEY ARE CONSONANT WITH US POLICY. NEVERTHELESS, THE CLOSENESS OF THE COUNTRIES, SPECIFIC INDIAN SECURITY CONSIDERATIONS, ITS SELF-IMAGE AS THE DOMINANT POWER IN THE AREA, DOMESTIC INDIAN POLITICAL PRESSURES, BUREAUCRATIC DIFFERENCES WITHIN THE GOI, AND DOWNRIGHT INEFFICIENCY TOGETHER WILL CONTINUE TO CREATE TENSIONS BETWEEN INDIA AND ITS SMALLER NEIGHBORS. END SUMMARY.

1. INDIAN INVOLVEMENT: GIVEN THE CLOSE TIES BETWEEN INDIA AND MOST OF ITS SMALLER, INDEPENDENTLY MINDED NEIGHBORS, FRICTION IS ALMOST INEVITABLE. ALL HAVE IN COMMON A BACKGROUND OF PARTICIPATION IN THE HISTORY OF THE GEOGRAPHIC REGION NOW DOMINATED BY INDIA. PRESENT-DAY LINKS VARY BUT ARE CLOSE. NEPAL IS LANDLOCKED WITH ITS ONLY ECONOMIC ACCESS TO THE REST OF THE WORLD ACROSS INDIA. MOST OF ITS TRADE IS WITH INDIA. BOTH IT AND BANGLADESH HAVE LONG SIEVE-LIKE BORDERS WITH INDIA. THE EVOLVING TIES BETWEEN INDIA AND BANGLADESH REFLECT INDIA'S KEY ROLE IN THE "LIBERATION" OF BANGLADESH AND ITS POST-WAR ASSISTANCE TO THE NEW COUNTRY. VARIOUS FORMS OF INDIAN AID ALREADY SPENT OR PROGRAMMED TOTAL ABOUT \$330 MILLION; TRADE RELATIONS ARE BEING DEVELOPED; AND BENGALIS ON BOTH SIDES OF THE BORDER SHARE A COMMON CULTURAL HERITAGE. IN THE CASE OF SRI LANKA, THE OVERWHELMING FACTOR IS THE DISAFFECTED TAMIL MINORITY WITH ITS RACIAL AND POSSIBLE POLITICAL LINKS TO THE TAMILS IN INDIA. TRADE IS NOT AT PRESENT A FACTOR, BUT NEGOTIATIONS ARE UNDERWAY TO EXPAND IT, UNDER STATE DIRECTION. BHUTAN AND BURMA ARE EXCEPTIONS. THE COMMON BORDER BETWEEN INDIA AND BURMA LIES AT THE EXTREMITY OF INDIA'S MOST ISOLATED REGION, SINCE 1961 BURMA HAS CONSCIOUSLY RESTRICTED CONTACT WITH OTHER COUNTRIES, INCLUDING INDIA. BHUTAN HAS THE POTENTIAL FOR BECOMING ANOTHER NEPAL, BUT TO DATE THE LOW LEVELS OF ECONOMIC AND POLITICAL

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DEVELOPMENT IN BHUTAN AND ITS INTERNATIONAL ISOLATION HAVE PREVENTED THIS.

2. HISTORIC RELATIONSHIPS: INDIA HAS ALREADY INVOLVED ITSELF IN THESE COUNTRIES. ALTHOUGH ON OCCASION (E.G., IN CEYLON IN 1971) THIS WAS ON BEHALF OF THE ESTABLISHED GOVERNMENT, THE TENDENCY IS TO REMEMBER INSTANCES WHEN INDIA SUPPORTED INTERVENTION--IN THE EARLY 1960'S WHEN THE NEPALI CONGRESS PARTY MOUNTED

RAIDS INTO NEPAL FROM INDIA, IN 1971 WHEN INDIA SUPPORTED THE BANGLADESH "LIBERATION" EFFORT, AND IN 1973 WHEN IT TIGHTENED ITS GRIP ON ITS PROTECTORATE, SIKKIM. THE LARGEST AND MOST IMPORTANT OF THESE SMALLER NEIGHBORS--BANGLADESH--OBVIOUSLY WELCOMED INDIAN "INTERVENTION". EVEN SO, HISTORIC PROBLEMS RESULTING FROM THE CLOSE PHYSICAL RELATIONSHIP--PROBLEMS LEFT OVER FROM THE PERIOD OF CONFRONTATION UNDER THE PAKISTAN REGIME--ARE NOT PROVING AMENABLE TO SOLUTION.

3. INDIAN POLICY: SINCE 1971 INDIA HAS SOUGHT TO REASSURE ITS SMALLER NEIGHBORS THAT IT ACCEPTS AND WISHES TO STRENGTHEN THE EXISTING STATE SYSTEM IN SOUTH ASIA. IT HAS PLAYED DOWN ITS INVOLVEMENT IN THE AFFAIRS OF ITS NEIGHBORS, HAS TRIED TO RESOLVE MANY OLD PROBLEMS. AND HAS ACTED EFFECTIVELY AND OFTEN GENEROUSLY TO HEAD OFF SOME NEW ONES. INDIAN OFFICIALS HAVE BEEN VISITING, DISCUSSING, EXPLAINING AND GIVING ASSISTANCE. MRS. GANDHI HAS GONE TO KATHMANDU, DACCA, THIMPHU (BHUTAN), AND COLOMBO, AND HER MINISTERS HAVE FOLLOWED UP. DISCUSSIONS WITH BANGLADESH HAVE BEEN ALMOST CONTINUOUS. AT LEAST SOME PROGRESS SEEMS TO HAVE BEEN ACHIEVED IN SPEEDING UP IMPLEMENTATION OF THE PLANTATION-WORKER TAMILS FROM SRI LANKA, IN DISCUSSING WITH SRI LANKA THE QUESTION OF SOVEREIGNTY OVER TINY KACHCHITIVU ISLAND, IN JOINT DEVELOPMENT OF THE WATER AND HYDRO-ELECTRIC RESOURCES OF NEPAL, IN AGREEING NOT TO DIVERT THE WATERS OF THE GANGES AT FARAKKA BEFORE AGREEMENT IS REACHED WITH BANGLADESH, AND IN FRESH ECONOMIC ASSISTANCE FOR ALL THREE COUNTRIES. NEVERTHELESS, IN THE CONTEXT OF THIS OVERALL "CORRECT" RELATIONSHIP, THERE ARE INSTANCES WHEN INDIA FEELS CONSTRAINED TO LEAN ON ITS NEIGHBORS. SUCH PRESSURE HAS BEEN AND IS STILL MORE LIKELY TO FALL ON NEPAL THAN THE OTHER SMALL NEIGHBORS, BECAUSE OF THE EXTREME CLOSENESS OF THE PHYSICAL, ECONOMIC AND HISTORIC RELATIONSHIP. INDIA HAS ALWAYS BEEN CONCERNED

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ABOUT CHINESE AID PROJECTS IN THE PORTION  
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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-15 IO-13 AID-20 OMB-01 NIC-01 SR-02 ORM-03 EB-11

AGR-20 COME-00 TRSE-00 RSR-01 /189 W

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R 271515Z AUG 73

FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 6408  
INFO AMEMBASSY COLOMBO  
AMEMBASSY DACCA  
AMEMBASSY ISLAMABAD  
AMEMBASSY KABUL  
AMEMBASSY KATHMANDU  
AMEMBASSY LONDON  
AMEMBASSY RANGOON  
AMEMBASSY TEHRAN  
AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL HONG KONG  
AMCONSUL MADRAS  
CINCPAC FOR POLAD  
AMEMBASSY MOSCOW UNN  
USLO PEKING UNN

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HELPING TO MAINTAIN AT LEAST SHORT-TERM STABILITY. ECONOMIC AID TO BANGLADESH AND NEPAL, FOR EXAMPLE, IS INTENDED TO KEEP THEM FRIENDLY AS WELL AS TO HELP TO PREVENT THE ECONOMIC PROBLEMS OF THOSE COUNTRIES FROM GETTING TO THE POINT WHERE THEY WOULD THREATEN ORDER.

6. WHILE PREFERRING TO ACHIEVE ITS OBJECTIVES BY ITS PRESENT APPROACH, INDIA HAS NOT RULED OUT INTERVENTION. IT ALLOWS DISSIDENT NEPALI CONGRESS PARTY LEADERS TO LIVE IN INDIA  
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IN PART, PROBABLY, BECAUSE IT SEES SOME USE FOR THEM IF THE MONARCHY ULTIMATELY COLLAPSES. IN SRI LANKA IN 1971 IT HELPED THE GOVERNMENT AGAINST THE INSURGENTS, AS DID THE UNITED STATES, THE SOVIET UNION, AND PAKISTAN. INDIA OFFICIALS CLAIM THEY WOULD DO SO AGAIN IF ASKED. IN 1973 INDIA INTERVENED WHEN THE SITUATION GOT OUT OF HAND IN SIKKIM. WHICH IN ANY CASE HAD NEVER ACHIEVED THE LEVEL OF INDEPENDENCE OF THE OTHER HIMALAYAN STATES, UNDER EITHER THE BRITISH OR INDIA. BEYOND THESE INSTANCES, HOWEVER, INDIA ACTION WILL PROBABLY DEPEND ON CIRCUMSTANCES, SUCH AS THE DEGREE OF THREAT AND THE LIKELIHOOD OF WIDER INVOLVEMENT. INDIA WOULD PROBABLY HELP BANGLADESH, AT THE LATTERS REQUEST, TO SUBDUE A REVOLT IN ONE DISTRICT. A MORE WIDESPREAD UPRISING, ELECTION OF AN ANTI-INDIAN GOVERNMENT OR A BROAD BREAKDOWN OF GOVERNMENTAL ORGANIZATION AND ORDER, WOULD PRESENT DIFFICULT CHOICES ABOUT WHICH THE GOI PREFERS

NOT TO THINK RIGHT NOW AND ABOUT WHICH ALMOST NO INDIANS  
APPEAR TO HAVE CLEARLY DEFINED IDEAS.

7. (B) INDIA'S SELF IMAGE: TALK OF INDIA'S DOMINANT POSITION  
IN THE AREA RAISES THE HACKLES OF ITS SMALLER NEIGHBORS.  
INDIA RECOGNIZES THIS AND PROTESTS IT IS NOT A POWER. BUT IT  
CANNOT DENY THE FACT OF ITS DOMINANCE, AND IT EXPECTS ITS  
SMALLER NEIGHBORS TO RECOGNIZE IF NOT ACKNOWLEDGE IT. ONE  
STILL HEARS OCCASIONAL TALK OF POSSIBLE "ENCIRCLEMENT" OF INDIA  
BY ITS SMALLER NEIGHBORS, SUPPORTED BY THE UNITED STATES.  
AMERICAN ASSISTANCE TO THESE COUNTRIES THUS PRODUCES AN  
AMBIVALENT INDIAN REACTION. INDIA RECOGNIZES THESE COUNTRIES  
NEED THE ASSISTANCE, BUT IT ALSO RECALLS THAT IN AT LEAST  
ONE OF THESE COUNTRIES (NEPAL) THE UNITED STATES NO LONGER SEES  
ITS INTERESTS AS DERIVATIVE OF ITS INTERESTS IN INDIA.

8. (C) DOMESTIC POLITICAL PRESSURES: THE LINKAGES BETWEEN INDIA  
AND HER SMALLER NEIGHBORS HAVE CREATED GROUPS WITHIN INDIA  
WITH A SPECIAL INTEREST IN INDIAN RELATIONS WITH THESE COUNTRIES.  
THEY ARTICULATE THESE INTERESTS THROUGH THE INDIAN DOMESTIC  
POLITICAL PROCESS. THUS, INDIAN CONGRESS PARTY MEMBERS FROM  
AREAS BORDERING NEPAL PRESS FOR INDIAN SUPPORT FOR THE FRATERNAL  
NEPALI CONGRESS AGAINST THE MONARCHY. INDIAN BUSINESSMEN  
TRADING WITH NEPAL LOBBY IN INDIA FOR THEIR OWN INTERESTS.  
SOME WEST BENGALIS AND OTHER INDIAN BUSINESSMEN HAVE BOTH REAL  
AND SENTIMENTAL INTERESTS IN RE-ESTABLISHING THE SEMI-COLONIAL  
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PRE-1947 RELATIONSHIP BETWEEN CALCUTTA AND ITS NATURAL ECONOMIC  
AND CULTURAL HINTERLAND--NOW BANGLADESH. FINALLY, THE REGIONAL  
PARTY RULING THE SOUTH INDIAN STATE OF TAMIL NADU SUPPORTS  
THE CAUSE OF THE TAMILS IN SRI LANKA. THE GOI APPEARS TO BE  
SUCCESSFULLY RESISTING THESE PRESSURES AT PRESENT. MRS. GANDHI  
STANDS ALOOF FROM THE NEPALI CONGRESS, AND THE GOI DOESN'T  
LEND OFFICIAL SUPPORT EVEN IF IT DELIBERATELY OR INADVERTENTLY  
FAILS TO CATCH NEPALI CONGRESS PERPETRATORS OF LAST YEARS  
ARMED ATTACK AND THE RECENT HIJACKING. THE GOI ALSO SEVERELY  
RESTRICTS TRAVEL OF WEST BENGALIS AND OTHER INDIAN BUSINESSMEN  
TO BANGLADESH IN ORDER TO PREVENT CHARGES THAT THEY ARE TRYING  
TO RE-ESTABLISH DOMINATION OVER THE AREA. IT DOES NOT SUPPORT  
THE TAMIL AUTONOMIST/SEPARATIST MOVEMENT IN SRI LANKA. PRESSURE  
ON THE GOI TO CHANGE THESE POLICIES MAY BECOME MORE INSISTENT,  
HOWEVER, IF THE CLASH OF CENTRAL AND STATE INTERESTS BECOMES  
SHARPER (E.G., IF BANGLADESH REMAINS ADAMANT AGAINST DIVERSION  
OF THE GANGES AT THE FARAKKA BARRAGE TO FLUSH OUT THE PORT OF  
CALCUTTA) OR IN THE COMPETITION FOR VOTES AT ELECTION TIME.

9. (D) BUREAUCRATIC DIFFERENCES AND INEFFICIENCIES: THE "CORRECT"  
POSTURE REPRESENTS THE POSITION OF THE FOREIGN MINISTRY.  
ON IMPORTANT ISSUES IT IS USUALLY ABLE TO IMPOSE ITS VIEW ON  
OTHER MINISTRIES. BUT GIVEN THEIR PROXIMITY AND THE DEPTH

OF THEIR INVOLVEMENT WITH INDIA, ITS SMALLER NEIGHBORS OFTEN  
FIND THEMSELVES DEALING DIRECTLY WITH OTHER MINISTRIES, OR  
EVEN WITH STATE GOVERNMENTS. HERE PAROCHIAL INTERESTS COME INTO  
PLAY AND TEND TO UNDERMINE THE GOOD INTENTIONS OF THE FOREIGN  
MINISTRY. THUS, THE COMMERCE MINISTRY MAY TAKE A TOUGH LINE WITH  
BANGLADESH ABOUT SETTLEMENT OF ITS TRADE BALANCES; SRI LANKA  
FINDS CUSTOMS AND/OR TRADE OFFICIALS TURNING AWAY BOTTLED IMPORTS  
FROM SRI LANKA BECAUSE THE IMPORT CONTENT IN THE BOTTLE CAPS  
IS HIGHER THAN THE AGREED LIMIT; NEPAL HAS A LONG LIST OF COM-  
PLAINTS ABOUT THE CUSTOMS, EXCISE AND STATE TRADING AUTHORITIES.  
ONE SUSPECTS THE INDIAN BUREAUCRATS IN THESE OTHER MINISTRIES  
ALSO ARE NOT ALWAYS AS CONSIDERATE OF THE SENSIBILITIES OF THESE  
SMALLER COUNTRIES AS THEIR FOREIGN MINISTRY COUNTERPARTS.  
ALL OF THIS GRATES ON PROUD OFFICIALS  
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## Message Attributes

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**Decaption Date:** 01 JAN 1960  
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**Review Action:** RELEASED, APPROVED  
**Review Authority:** willialc  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 27 AUG 2001  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27-Aug-2001 by boyleja>; APPROVED <31-Aug-2001 by willialc>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** PFOR, IN, BG  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005